IIFL Asset Management (Mauritius) Limited

Financial statements

For the year ended 31 March 2019

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Corporate data

			Date of appointment	Date of resignation
Directors	:	Sarju Subhash Vakil	09 September 2011	17 August 2017
		Mihir Shirish Parekh	14 November 2011	15 January 2019
		Parag Ranjitbhai Shah	14 November 2011	15 January 2019
		Rohit Kumar	15 January 2019	-
		Maharoof Parokkot	15 January 2019	-

Administrator and company secretary : Trident Trust Company (Mauritius) Limited
5th Floor, Barkly Wharf
Le Caudan Waterfront
Port Louis
Republic of Mauritius

Registered office : 5th Floor, Barkly Wharf
Le Caudan Waterfront
Port Louis
Republic of Mauritius

Bankers : Standard Chartered Bank (Mauritius) Limited
6th Floor, Standard Chartered Tower
19, Bank Street
Cybercity, Ebène 72201
Republic of Mauritius

Standard Chartered Bank, Singapore
Marina Bay Financial Centre
Tower 1, Level 14
8 Marina Boulevard
Singapore 018981

SBM Bank (Mauritius) Ltd
SBM Tower, 1
Queen Elizabeth II Avenue
Port Louis
Republic of Mauritius

Legal Advisor : CITILAW
The Fabrique
Sir Virgil Naz Street
Port Louis
Republic of Mauritius

Independent auditors : KPMG
KPMG Centre
31, Cybercity
Ebène
Republic of Mauritius

Commentary of directors
for the year ended 31 March 2019

The Directors are pleased to present their commentary together with the audited financial statements of IIFL Asset Management (Mauritius) Limited (the "Company") for the year ended 31 March 2019.

Principal activity

The principal activity of the Company is to act as CIS Manager to provide Investment Advisory services and Distribution of Financial Products. The Company holds a CIS Manager license, an Investment Advisor license and Investment Distribution of Financial Products Licence. The Company is also registered with Securities Exchange Board of India (SEBI) as a Category II Foreign Portfolio Investors (FPI). The Company is also an AMFI Registered Mutual Fund Advisory (ARMFA) – Overseas Distributor to distribute Mutual Fund products in India to overseas investors.

Results and dividends

The results for the year are disclosed in the statement of profit or loss and other comprehensive income.

The directors has distributed an interim dividend amounting to **USD 11,755,800** for the year ended 31 March 2019 (2018: USD 5,650,000) to the shareholders.

Directors

The present membership of the Board is set out on page 1.

Directors' responsibility in respect of the financial statements

Company laws require the directors to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the Company and of the statement of profit or loss and other comprehensive income of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue to operate.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. The directors' responsibilities include: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the Company's ability to continue as a going concern and believe that the business will continue in the year ahead.

Auditors

The auditors, KPMG, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual Meeting of Shareholder.

The Directors have pleasure in submitting the Company's report on corporate governance.

This report describes the main corporate governance framework and compliance of the Company with the disclosures required under the Code of Corporate Governance for Mauritius ('The Code'). Reasons for non-compliance are provided in the Corporate Governance Report, where applicable.

The eight principles of the Code of Corporate Governance are mentioned below:

- Principle 1 : Governance Structure
- Principle 2 : The Structure of the Board and its Committees
- Principle 3: Director Appointment Procedures
- Principle 4: Director Duties, Remuneration and Performance
- Principle 5: Risk Governance and Internal Control
- Principle 6: Reporting with Integrity
- Principle 7: Audit
- Principle 8 : Relations with Shareholders and Other Key Stakeholders

1. Governance Structure

IIFL Asset Management (Mauritius) Limited (the "Company") was incorporated in Mauritius as a company liability limited by shares and is governed by the provisions laid down in the Mauritius Companies Act 2001. The Company holds a Global Business licence issued by the Mauritius Financial Services Commission ("FSC") and has been authorised by the FSC to operate as a CIS Manager to conduct investment management services. The Company also holds an Investment Advisor (Unrestricted) Licence and a Distribution of Financial Products licence both issued by the FSC.

During the financial year under review, the Company has been providing the above-mentioned services to various companies/funds.

The Company is managed by a team of 2 executives and one manager who are all based in Mauritius.

During the year ended 31 March 2019, the Board has assessed the requirements and provisions as specified in the National Code of Corporate Governance for Mauritius (2016) (the "Code") and will continue to take the necessary steps to ensure adherence thereto.

Role of the Board

The Board provides effective leadership and strategic guidance towards the achievement of the Company's strategy within a framework of robust risk management and sound internal controls alongside ensuring adherence of the Company to relevant legislations and policies.

Key responsibilities of the Board

The Board continuously monitors and adapts practices to reflect developments in corporate governance principles to ensure smooth business operations and optimal stakeholder engagement.

1. Governance Structure (continued)

Chairman

At each meeting, a chairman is appointed. The key role and responsibilities are as follows:

- Provides overall leadership to the Board;
- Ensures that the Board is effective in its duties of setting out and implementing the Company's strategy;
- Presides and conducts meetings effectively;
- Ensures that directors receive accurate, timely and clear information; and
- Maintains sound relations with shareholders.

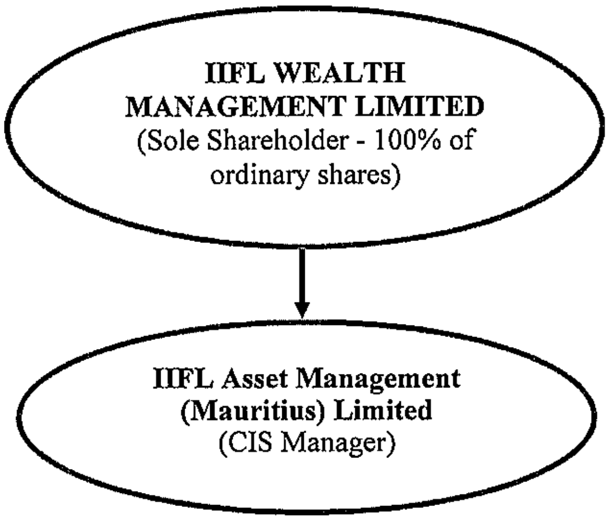
Professional Development

The Board reviews the professional development needs of directors during the Board evaluation process and directors are encouraged to develop their skills and expertise continuously. They also receive regular updates on the latest trends and legislative acts affecting the business from management and/or other industry experts.

The Board undertakes regular internal review of the performance as well as effectiveness of the Board. However, as at 31 March 2019, no independent evaluator was appointed to evaluate the performance of the Board considering the size and nature of complexity/sophistication of the Company.

Shareholding structure of the Company

The Company is part of the IIFL group and the holding structure through which control of the Company is exercised is shown below.



IIFL Wealth Management Limited is the holding company which is incorporated in India.

During the year ended 31 March 2019, there was neither any corporate transaction nor any change in the corporate structure of the Company.

1. Governance Structure (continued)

Board Charter

The Board is of the view that the responsibilities of the Directors should not be confined in a board charter and has consequently resolved not to adopt a board charter. The Constitution of the Company was adopted at incorporation and is in line with the Mauritius Companies Act 2001. The Constitution sets out rules and regulations which needs to abide along with other local laws and regulations applicable to the Company.

The directors of the Company observe and foster high ethical standards and a strong ethical culture in the Company. Each director is deemed to allocate enough time to discharge their duties effectively.

Board meetings

The Board meets as and when required to discuss significant matters so as to ensure that the directors maintain overall control and supervision of the Company's affairs. The Company Secretary for its part ensures that proper notice of meeting along with the agenda and any other board materials to guide the Board on the various resolutions are circulated to all the directors well before the scheduled time of the meeting.

For the year ended 31 March 2019, ten board meetings were held. The below table refers to the Board meeting attendance during the year.

Date of meeting	Mr. Mihir Shirish Parekh	Mr. Parag Ranjitbhai Shah	Mr. Maharoof Parokkot	Mr. Rohit Kumar
24 May 2018	✓	✓	Not Applicable	Not Applicable
19 June 2018	✓	✓	Not Applicable	Not Applicable
26 June 2018	✓	✓	Not Applicable	Not Applicable
3 July 2018	✓	✓	Not Applicable	Not Applicable
6 July 2018	✓	✓	Not Applicable	Not Applicable
8 August 2018	✓	✓	Not Applicable	Not Applicable
12 September 2018	✓	✓	Not Applicable	Not Applicable
17 October 2018	✓	✓	Not Applicable	Not Applicable
15 January 2019	✓	✓	Not Applicable	Not Applicable
23 January 2019	Not Applicable	Not Applicable	✓	✓

2. The Structure of the Board and its Committees

The Company is led by its Board, which has the ultimate responsibility for the overall stewardship and oversight of the organisation. The Board of Directors is the Company's supreme governing body and has full power over the affairs of the Company. The Board of Directors ensures that the Company operates in accordance with the Company's Constitution, Investment Management Agreements and other agreements in place.

The Company has a Unitary board and consist of the below two mentioned directors:

Name of directors	Residency	Type
Mr. Maharoof Parokkot	Resident	Non-independent director
Mr. Rohit Kumar	Resident	Non-independent director

During the year under review, Mr Parag Ranjitbhai Shah and Mr Mihir Shirish Parekh have resigned as directors on 15 January 2019 since they were relocating to another jurisdiction whilst on same date, Mr. Maharoof Parokkot and Mr. Rohit Kumar were appointed as directors of the Company.

Board committees

As the focal point of the corporate governance system, the Board is ultimately responsible and accountable for the performance and affairs of the organisation. Committees are mechanism for assisting the Board and its directors in discharging their duties through a more comprehensive evaluation of specific issues followed by well-considered recommendations to the Board.

Due to the size and nature of the Company, there was no sub-committee appointed during the year under review.

Directors' profile

Mr. Maharoof Parokkot

Maharoof Parokot has more than ten years' of experience in Indian equity market. Prior to joining the Company as Associate Vice President, Maharoof was working with an Investment Management company in Mauritius. His first assignment was with ICICI where he was a team leader for ICICI web trade. Thereafter he joined India Infoline Ltd, Cochin as Area sales manager and moved on IIFL, Dubai as a Relationship Manager. Maharoof has done Computer Science and Engineering from IETE Delhi.

Mr. Rohit Kumar

Rohit Kumar has more than twelve years of experience in equity markets and fund accounting. Prior to joining IIFL, he was associated with HDFC Bank and Apex Fund Services. Mr. Kumar has done his Masters in Business Administration from ICFAI Business School (IBS), Hyderabad and B.E. in Electronics and Communication.

3. Director Appointment Procedures

Induction process

The induction of new members, including new members of the Investment Committee, consists first of sharing all the constitutive documents of the Company and of the Funds under management, a presentation of the Investment Policy and Strategy, a full presentation of the governance structure of the Company and the Funds under management, and a detailed presentation of the portfolio companies of the Fund under management with focus on the main issues of the investee companies including Environmental and Social aspects. Finally, new members are required to disclose any conflict of interest.

The Directors are aware that the Code recommends that each director should be elected (or re-elected as the case may be) every year at the Annual Meeting of shareholders. However, at each Annual Meeting of the Company, the directors are reconfirmed to office provided they are willing to continue in office.

None of the directors is over the age of 70 years and as such, no re-election is required in accordance with section 138(6) of the Mauritius Companies Act 2001.

Company secretary

In accordance with the terms of the management agreement with Trident Trust Company (Mauritius) Limited, the latter provides corporate secretarial/administration services to the Company.

All Directors have access to the advice and services of the Company Secretary. The Company Secretary is responsible to the Board for ensuring proper administration of board proceedings. The Company Secretary also provides guidance to the directors on matters of company law and with regards to their responsibilities in the statutory environment in which the Company operates.

4. Director Duties, Renumeration and Performance

Directors' duties

The directors of the Company observe and foster high ethical standards and a strong ethical culture in the Company. Each director is deemed to allocate enough time to discharge their duties effectively.

The directors are aware of their legal duties under the Mauritius Companies Act 2001 and the Constitution of the Company. Once appointed on the Board, the Directors receive a copy of the Constitutive documents of the Company.

During the discharge of their duties, the Directors are entitled to seek independent professional advice at the Company's expense and have access to the records of the Company.

4. Director Duties, Renumeration and Performance (continued)

Directors' Interests, conflicts of interest and related party transactions policy

As at 31 March 2019, the directors hold shares indirectly in the Company.

The Directors are aware that they have a duty to inform the Company as soon as they become aware that they are interested in a transaction. The Company Secretary keeps a register of interests and ensures that the latter is updated regularly. The register is also available to the shareholders of the Company upon request of the Company Secretary.

All related party transactions are done on an arms' length basis and are also disclosed in the notes of the financial statements of the Company.

Directors' remuneration

The current Directors are also full-time officers of the Company and they receive a monthly remuneration as per their employment contracts.

Performance evaluation

The Code encourages the Board to undertake a formal, regular and rigorous evaluation of its own performance and individual directors, and produce a development plan on an annual basis.

The Board and the Company Secretary will plan an evaluation of the performance of the Board, individual directors, its policies and procedures.

Information, information technology and information security governance

With the protection of the confidentiality, integrity and availability of information being critical to the smooth running of our activities, the Company seeks to foster a robust framework that upholds the security and performance of information and IT systems in adherence to regulatory and industry norms.

5. Risk Management and Internal Control

The Board is responsible for the system of internal control and risk management of the Company. The Board is committed to continuously maintain adequate internal control procedures with a view to safeguard the assets of the Company. Areas with high residual risks are continuously assessed and reviewed. The Board is also responsible for:

- Ensuring that structures and processes are in place to effectively manage risks;
- Identifying the principal risks and uncertainties that could potentially affect the Company;
- Ensuring that management has developed and implemented the relevant framework;
- Ensuring that systems and processes are in place for implementing, maintaining and monitoring internal controls;
- Identifying any deficiencies in the internal control system; and
- Ensuring that whistle-blowing rules and procedures are in place.

5. Risk Management and Internal Control (continued)

The Board has adopted an Internal Control Procedure manual at incorporation and ensures that the internal procedures and processes are adhered to. The Board regularly reviews and assesses the Internal Control Procedure manual of the Company. The Board is open to make amendments to the manual, as and when necessary, in view to make improvements in the internal procedures and processes.

The day to day activities are undertaken by the Company Secretary - Trident Trust Company (Mauritius) Limited, which needs to ensure that the necessary structures, processes and methods for identifying and monitoring any risks are in place. Hence, the Company relies on the internal controls of Trident Trust Company (Mauritius) Limited which is subject to an Internal control review and reporting by external auditors. Trident Trust Company (Mauritius) Limited holds an ISAE 3402 Type I report and has undergone an ISAE 3402 Type II audit for the year ended 31 March 2019.

Indemnities and Insurance

A combined Directors' and officers' liability Insurance, Professional Indemnity and Crime Insurance policy has been subscribed to by the Company. The policy provides cover for the risks arising out of the acts or omissions of the Directors and Officers of the Company. The cover does not provide insurance against fraudulent, malicious or willful acts or omissions.

6. Reporting with integrity

The Directors are responsible for preparing an annual report and financial statements in accordance with applicable laws and regulations. Company law requires the Directors to prepare financial statements for each financial year in accordance with International Financial Reporting Standards ("IFRS").

The Directors are responsible for keeping adequate accounting records, explaining the Company's transactions and disclosing with reasonable accuracy and at any time, the financial position of the Company. The Directors have the duty to safeguard the assets of the Company and for taking reasonable steps to prevent and detect fraud and other irregularities.

The Directors have made an assessment and confirms that the Company's financial statements have been prepared on a going concern basis. A set of the financial statements have been tabled for review and approval by the Board of Directors, before filling with the Financial Services Commission ("FSC") on an annual basis. Quarterly management accounts are filled with the FSC within 45 days after quarter end.

Environmental impact

Due to the nature of the Company's activities, the Company has no adverse impact on environment, no impact on Health & Safety issues.

7. Audit

With a view to ensuring the overall adequacy of the Company's internal control framework, the Board evaluates the independence and effectiveness of the external auditor on an ongoing basis before making a recommendation on their appointment, retention and removal.

The external auditors are appointed to hold office till the next Annual meeting and there is an automatic re-appointment of the auditors at each Annual Meeting unless the Shareholder or the auditor decides otherwise.

7. Audit (continued)

The Board also discusses and reviews, with the external auditor, the engagement letter, audit plan, terms, nature and scope of the audit function, procedure and engagement and audit fee. The Board meets with the external auditors as and when required to discuss any audit related matters.

For the year ended 31 March 2019, KPMG Mauritius was appointed as auditors of the Company and the audit remuneration amounts to USD 10,000 excluding re-imbursement and any out of pocket expenses.

Due to the size of the Company, nature of its business activities and the fact that the daily administration is being handled by Trident Trust Company (Mauritius) Limited, the Board is of the view that no internal auditor is required at this stage. Should the Board believe that such a function is required, they will appoint an internal auditor.

The Board monitors and evaluates the services of the Administrator from times to times and the Board regularly reviews processes and procedures to ensure the effectiveness of the Company's internal control.

8. Relations with shareholders and other key stakeholders

Responsiveness to shareholder and stakeholder concerns

The Board of Directors places great importance on open and transparent communication with its shareholders. The Board stays apprised of shareholder's and stakeholders' opinion in whatever ways are most practical and efficient. The Board keeps the shareholder informed on any material events that may affect the organization.

The Board provides twenty one days' notice of the annual meeting and other shareholder meetings. Appropriate papers of the annual meeting and other shareholder meetings are also provided.

Other disclosures

Co-operation with regulatory authorities

The Company adopts a policy of full compliance. Accordingly, the Company responds to any queries or clarifications from the regulatory authorities (Financial Services Commission, Mauritius Revenue Authority and Registrar of Companies). The Company Secretary ensures that the Company is compliant with the Mauritius Companies Act, the conditions of its Global Business License and the tax undertakings.

Dividend Policy

The Company do not have any formal dividend policy.

Payment of dividends is subject to the profitability of the Company, cash flow, working capital and capital expenditure requirements.

For the year under review, dividends amounting to USD 11,755,800 were paid out by the Company.

IIFL Asset Management (Mauritius) Limited

Directors' Statement of Compliance to Code of Corporate governance

Name of Entity : IIFL Asset Management (Mauritius) Limited

Reporting period: For the year ended 31 March 2019.

We, the Directors of the Company, confirm that to the best of our knowledge that the Company has complied with the principles set out in the National Code of Corporate Governance for Mauritius (2016).

Rohit Kumar

Director: Rohit Kumar

Director: Maharoof Parakkot

IIFL Asset Management (Mauritius) Limited

Certificate from company secretary
Under Section 166 (d) of the Mauritius Companies Act

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of **IIFL Asset Management (Mauritius) Limited** under Section 166(d) of the Mauritius Companies Act during the year ended 31 March 2019.

The Common Seal of Trident Trust Company (Mauritius) Limited

....
for and on behalf of
Trident Trust Company (Mauritius) Limited
Company secretary

Registered Office:

5th Floor
Barkly Wharf
Le Caudan Waterfront
Port Louis
Republic of Mauritius

Date: ..10-MAY-2019....

KPMG

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31, Cybercity
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Mauritius
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Telefax +230 406 9988
BRN No. F07000189
Website www.kpmg.mu

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF IIFL ASSET MANAGEMENT (MAURITIUS) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of IIFL Asset Management (Mauritius) Limited (the Company), which comprise the statement of financial position as at 31 March 2019 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 17 to 53.

In our opinion, these financial statements give a true and fair view of the financial position of IIFL Asset Management (Mauritius) Limited as at 31 March 2019 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF IIFL ASSET MANAGEMENT (MAURITIUS) LIMITED

Report on the Audit of Financial Statements

Other Information

The directors are responsible for the other information. The other information comprises the Corporate data, Commentary of directors, Corporate governance report, Directors' Statement of Compliance to Code of Corporate Governance and Certificate from the company secretary. The other information does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

KPMG

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF IIFL ASSET MANAGEMENT (MAURITIUS) LIMITED

Report on the Audit of Financial Statements

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF IIFL ASSET MANAGEMENT (MAURITIUS) LIMITED

Report on the Audit of Financial Statements

Other Matter

This report is made solely to the Company's member, in accordance with Section 205 of the Mauritius Companies Act. Our audit work has been undertaken so that we might state to the Company's member, those matters that we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act

We have no relationship with or interests in the Company other than in our capacities as auditors and tax advisors.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Financial Services Act Circular letter CL280218

Our responsibility under the Financial Services Act Circular letter CL280218 is to report on the compliance with the Code of Corporate Governance disclosed in the Corporate Governance Report and assess the explanations given for non-compliance with any requirement of the Code.

From our assessment of the disclosures made on corporate governance in the Corporate Governance Report, the Company has complied with the requirements of the Code.

KPMG

KPMG
Ebène, Mauritius

Marcelle Fouché
Licensed by FRC

Date: **10 May 2019**

Statement of financial position
As at 31 March 2019

	Note	2019 USD	2018 USD
Assets			
Non-current assets			
Capital work-in-progress	14	**36,818**	-
Equipment	13	**5,692**	4,779
Total non-current assets		**42,510**	4,779
Current assets			
Financial assets at fair value through profit or loss	15	**1,188,675**	6,108,131
Trade receivables	8	**4,008,629**	2,365,824
Prepayment and other receivables	9	**46,188**	5,154,615
Cash and cash equivalents	7	**4,715,290**	2,923,566
Total current assets		**9,958,782**	16,552,136
Total assets		**10,001,292**	16,556,915
Equity and liabilities			
Equity			
Stated capital	21	**69,975**	69,975
Retained earnings		**9,101,075**	15,756,031
Total equity		**9,171,050**	15,826,006
Liabilities			
Current liabilities			
Other payables	20	**680,315**	681,260
Tax liability	10	**149,927**	49,649
Total current liabilities		**830,242**	730,909
Total equity and liabilities		**10,001,292**	16,556,915

Approved and authorised for issue by the Board of Directors ..10-MAY-2019......... and signed on its behalf by:

Rhi Kumar

....
Director

....
Director

The notes on pages 21 to 53 form an integral part of these financial statements.

Statement of profit or loss and other comprehensive income
for the year ended 31 March 2019

	Note	2019 USD	2018 USD
Revenue			
Income from operations	16	**12,864,200**	19,407,868
Net gain/(loss) on financial assets at fair value through profit or loss	15	**243,987**	(339,419)
Total revenue		**13,108,187**	19,068,449
Operating expenses			
Salaries and allowances		**313,047**	498,016
Referral, marketing expenses and distribution fees	17	**4,824,191**	6,443,361
Professional expenses		**30,840**	99,333
Incentive fee		**45,937**	96,281
Advisory fees		**(71,606)**	93,456
Rent expenses		**14,367**	16,446
Audit fees		**10,975**	6,500
License fees		**-**	91,250
Fund running expenses		**964,987**	691,569
Depreciation	13	**3,899**	4,888
Other operating expenses		**1,720,779**	89,079
Total operating expenses		**7,857,416**	8,130,179
Profit before taxation		**5,250,771**	10,938,270
Taxation	10	**(149,927)**	(337,972)
Profit for the year		**5,100,844**	10,600,298
Total comprehensive income attributable to:			
Owner of the Company		**5,100,844**	10,600,298

The notes on pages 21 to 53 form an integral part of these financial statements.

Statement of changes in equity
for the year ended 31 March 2019

	Stated capital USD	Retained earnings USD	Total USD
Balance as at 1 April 2017	69,975	10,805,733	10,875,708
Total comprehensive income and profit for the year	-	10,600,298	10,600,298
Transactions with owners of the Company			
Dividend distribution	-	(5,650,000)	(5,650,000)
Balance as at 31 March 2018	69,975	15,756,031	15,826,006
Balance as at 1 April 2018	**69,975**	**15,756,031**	**15,826,006**
Total comprehensive income and profit for the year	-	**5,100,844**	**5,100,844**
Transactions with owners of the Company			
Dividend distribution	-	**(11,755,800)**	**(11,755,800)**
Balance as at 31 March 2019	**69,975**	**9,101,075**	**9,171,050**

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The notes on pages 21 to 53 form an integral part of these financial statements.

Statement of cash flows
for the year ended 31 March 2019

	2019	2018
	USD	USD
Cash flows from operating activities		
Profit before taxation	**5,250,771**	10,938,270
Adjustments for:		
Depreciation	**3,899**	4,888
Net (gain)/loss on financial assets at fair value through profit or loss	**(243,987)**	339,419
Changes in:		
Trade receivables	**(1,642,805)**	(127,781)
Prepayments and other receivables	**(7,244)**	(10,576)
Other payables	**(945)**	(252,535)
	3,359,689	10,891,685
Taxation paid	**(49,649)**	(330,651)
Net cash generated from operating activities	**3,310,040**	10,561,034
Cash flows from investing activities		
Acquisition of financial assets at fair value through profit or loss	**-**	(10,300,000)
Disposal of financial assets at fair value through profit or loss	**10,279,114**	4,108,099
Capital work-in-progress	**(36,818)**	-
Acquisition of equipment	**(4,812)**	(2,931)
Net cash generated from/(used in) investing activities	**10,237,484**	(6,194,832)
Cash flows from financing activities		
Dividend distribution	**(11,755,800)**	(5,650,000)
Net cash used in financing activities	**(11,755,800)**	(5,650,000)
Net change in cash and cash equivalents	**1,791,724**	(1,283,798)
Cash and cash equivalents at start	**2,923,566**	4,207,364
Cash and cash equivalents as at 31 March	**4,715,290**	2,923,566

The notes on pages 21 to 53 form an integral part of these financial statements.

1. General

IIFL Asset Management (Mauritius) Ltd (the "Company") was incorporated as a private company limited by shares in the Republic of Mauritius on 15 December 2010 under the name of IIFL Private Wealth (Mauritius) Ltd and was granted a Category 1 Global Business Licence on 16 December 2010. The Company changed name on 16 September 2016. The Company's registered office is 5th Floor, Barkly Wharf, Le Caudan Waterfront, Port Louis, Republic of Mauritius.

The Company is a holder of a Category 1 Global Business License under the Mauritius Companies Act and the Financial Services Act 2007. Since the Company operates in an international environment and conducts most of its transactions in foreign currencies, the Company has chosen to retain the United States dollar ("USD") as its reporting currency.

The principal activity of the Company is to act as a CIS Manager and to provide Investment Management and Advisory services to the Funds.

The Company holds a CIS Manager license, an Investment Advisor license and Investment Distribution of Financial Products Licence. The Company is also registered with Securities Exchange Board of India (SEBI) as a Category II Foreign Portfolio Investors (FPI). The Company is also an AMFI Registered Mutual Fund Advisory (ARMFA) – Overseas Distributor to distribute Mutual Fund products in India to overseas investors.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in compliance with the Mauritius Companies Act and in accordance with International Financial Reporting Standards ("IFRS") and the interpretations adopted by the International Accounting Standards Board ("IASB"). The financial statements were authorised for issue by the Board of directors on date stamped on page 17.

(b) Basis of measurement

The financial statements have been prepared on the going concern principle using the historical cost basis, except for financial assets at fair value through profit or loss which are measured at fair value.

3. Functional and presentation currency

Functional currency is the currency of primary economic environment in which the Company operates. When indicators of the primary economic environment are mixed, management uses its judgement to determine the functional currency that most faithfully represents the economic effect to the underlying transactions, event and conditions. Management has determined that the denominated functional currency of the Company is USD. The majority of Company's transactions are denominated in USD.

The financial statements are thus prepared in USD which is the functional currency of the Company. Transaction and balance in other currencies are translated into reporting currency for presentation in these financial statements.

4. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is the determination of functional currency (refer to note 3).

B. Assumptions and estimates uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the year ended 31 March 2019 is included in the Note 6 and relates to the determination of fair value of financial instruments.

5. Financial instruments and risk management

(a) Exposure

The Company has exposure to the following risks from financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(b) Risk management structure

The Company maintains positions in non-derivative financial instruments in accordance with its investment management strategy. The Company's Investment Manager is responsible for identifying and controlling risks. The Board of Directors supervises the activities of the Investment Manager and is ultimately responsible for the overall risk management approach within the Company.

(c) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company. It arises principally from financial assets at fair value through profit or loss, cash and cash equivalents and other receivables.

5. Financial risk review and risk management (continued)

(c) Credit risk (continued)

(i) Management of credit risk

The Company's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties meeting the credit risk standards set out in the Company's prospectus. Credit risk is monitored on an ongoing basis by the Investment Manager in accordance with policies and procedures in place and is reported to the Board of Directors.

The Company manages its exposure to credit risk by dealing with counterparties that has a good credit rating and group companies. Management does not expect related parties to fail to meet its obligations. The credit risk is monitored on an ongoing basis in accordance with policies and procedures in place and is reported to the Board of Directors.

The cash and cash equivalents are held with Standard Chartered (Mauritius) Limited, Standard Chartered (Singapore) Limited and State Bank of Mauritius Ltd. Standard Chartered (Mauritius) Limited and Standard Chartered (Singapore) Limited, which are wholly owned subsidiaries of Standard Chartered Bank Plc, had a short term issuer credit rating of A-2 from Standard and Poor's Investor Services. State Bank of Mauritius Ltd has a short term issuer credit rating of Baa3 from Moody's Investor Services.

(ii) Settlement risk

The Company's activities may give rise to risk at the time of settlement of transactions. All transactions in listed securities are settled/paid for upon delivery using brokers approved by the Board of Directors. The risk of default is considered minimal as delivery of securities sold takes place once the broker has received payment. Payment on a purchase is made once the securities have been received by the broker. The trade fails if either party fails to meet their obligation.

(iii) Exposure to credit risk

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2019	2018
	USD	USD
Trade receivables	**4,008,629**	2,365,824
Other receivables	**46,188**	5,119,917
Cash and cash equivalents	**4,715,290**	2,923,566
	8,770,107	10,409,307

5. Financial risk review and risk management (continued)

(c) Credit risk (continued)

(iii) Exposure to credit risk (continued)

Ageing of trade receivables and other receivables that were not impaired are as follows:

	2019		2018	
	Amount outstanding	**Provision made**	Amount outstanding	Provision made
	USD	**USD**	USD	USD
1-90 days	**905,209**	-	7,427,342	-
91-180 days	**2,358,999**	-	52,081	-
181 days and above	**744,421**	-	6,318	-
	4,008,629	-	7,485,741	-

Expected Credit Loss ("ECL")

Impairment on cash and cash equivalents and trade and other receivables has been measured in accordance with IFRS 9 on expected losses basis and reflects the short maturities of the exposures. The Company considers that these exposures have low credit risk based on the fact that the amounts are principally due from funds managed by entities within the group and the Company has not experienced any losses in the past period. The management fees and distributions fees receivable are as per the agreements in place and are generally settled within 90 to 180 days after invoices have been issued.

Further to the adoption of IFRS 9, ECL was assessed at 1 April 2018 and 31 March 2019.

USD 349,885 was received subsequent to year end before the date of signing. Based on the expected credit loss provision matrix calculation, it was determined that the impairment charge on trade and other receivables was immaterial. Thus, the Company did not recognise any impairment allowance on the receivables at 1 April 2018 and 31 March 2019..

Cash and cash equivalents amounting to **USD 4,715,290** (31 March 2018: USD 2,923,566) have not been included in the ageing. The expected credit loss on cash and cash equivalents is immaterial due to its low credit risk.

The maximum exposure to credit risk for financial asset at the reporting date by geographic region is as follows:

	31 March 2019	31 March 2018
	USD	USD
Domestic	**6,687,098**	8,526,814
India	**2,547,954**	1,067,105
Bermuda	**366,910**	776,393
Singapore	**168,145**	37,613
United Kingdom	-	1,382
	8,770,107	10,409,307

5. Financial risk review and risk management (continued)

(d) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they become due without incurring unacceptable losses or risking damage to the Company's reputation. Liquidity risk of the Company is monitored on a timely basis by the directors.

The Company maintains sufficient balance with banks to cater its day to day working capital needs. Besides, the Company also enjoys adequate financial support from its holding company.

The table above shows the undiscounted cash flows of the Company's financial liabilities on the basis of their earliest possible contractual maturity.

Non-derivative financial liabilities

	Contractual cash flows	On call	Less than one year
	USD	USD	
31 March 2019			
Other payables	**680,315**	**556,129**	**124,186**
31 March 2018			
Other payables	681,260	313,188	368,072

(e) *Market risk*

Market risk represents the potential loss that can be caused by a change in the market value of the financial instruments. The Company's exposure to market risk is determined by a number of factors, including market volatility, interest rates and foreign currency exchange rates. The Company's strategy for market risk is driven by the Company's investment objective. The Company's market risk and the market positions are managed on a daily basis by the Investment Manager in accordance with the policies and procedures in place.

(i) *Interest rate risk*

Exposure to interest rate risk

The Company is exposed to the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. In respect of the Company's interest-bearing financial instruments, the Company's policy is to transact in financial instruments that mature or reprice in the short-term, i.e. no longer than 12 months. Accordingly, the Company would be subject to limited exposure to fair value or cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates.

A change in interest rate will not have a significant impact on the financial statements.

5. Financial risk review and risk management (continued)

(e) Market risk (continued)

(ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company invests in securities that are denominated in currencies other than the USD. Accordingly, the value of the Company's assets may be affected favourably or unfavourably by fluctuations in currency rates and therefore the Company will necessarily be subject to foreign exchange risks.

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	Financial assets	**Financial liabilities**	Financial assets	Financial liabilities
	31 March 2019		31 March 2018	
	USD	**USD**	USD	USD
United States Dollar (USD)	**7,361,406**	**561,660**	15,423,543	586,186
Indian Rupees (INR)	**2,547,953**	**-**	1,067,105	-
Singapore Dollar (SGD)	**-**	**103,960**	15,000	95,074
Great Britain Pound (GBP)	**-**	**-**	1,382	-
Mauritius Rupees (MUR)	**3,235**	**4,796**	10,408	-
Swiss Franc (CHF)	**-**	**9,899**	-	-
	9,912,594	**680,315**	16,517,438	681,260

Prepayments of **USD 46,188** (2018: USD 34,698) and equipment of **USD 5,692** (2018: USD 4,779) have been excluded from the financial assets.

Sensitivity analysis

The following table indicates the approximate change in the changes in mutual fund in response to reasonable possible changes in the foreign exchange rates to which the Company has significant exposure at the reporting date. The Company is mainly exposed to the Indian rupee.

The below increase and decrease in the USD against each relevant foreign currency is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

	Percentage	**Effect on changes in equity**	
		2019	2018
		USD	USD
Increase in INR	**3%**	**(74,212)**	(20,924)
Decrease in INR	**3%**	**78,803**	21,778
Increase in SGD	**2%**	**2,038**	793
Decrease in SGD	**2%**	**(2,122)**	(809)
Increase in GBP	**5%**	**-**	(66)
Decrease in GBP	**5%**	**-**	73

5. Financial risk review and risk management (continued)

(e) Market risk (continued)

(ii) Currency risk (continued)

Sensitivity analysis (continued)

	Percentage	Effect on changes in equity	
		2019	2018
		USD	USD
Increase in MUR	4%	60	(400)
Decrease in MUR	4%	(65)	434
Increase in CHF	4%	381	-
Decrease in CHF	4%	(412)	-

(iii) *Price risk*

Price risk is the risk of unfavourable changes in fair values of mutual funds as a result of changes in the value of individual shares.

Management has determined that a fluctuation of 2% in the unobservable input is reasonably possible considering the economic environment in which the investee companies operate.

The sensitivity analysis below has been determined based on the exposure to fund price risks at the reporting date. The analysis is based on the assumption that the fair value had increased/decreased by 2% with all other variables held constant. If fund prices had been 2% higher/lower, the effect on net profit and equity for the quarter would have been as follows:

	Increase/ decrease in funds price	Effect on profit before tax and equity	
		2019	2018
		USD	USD
	+2%	23,774	305,406
Change in share price	-2%	(23,774)	(305,406)

(f) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers and from external factors other than crèdit, market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its investment objective of generating returns to investors. The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors.

6. Fair values of financial instruments

(i) Valuation models

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for asset or liability.

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes asset or liability valued using: quoted market prices in active markets for similar asset or liability; quoted prices for identical or similar asset or liability in markets that are considered less than active; or other valuation technique in which all significant inputs are directly or indirectly observable from market data.

- Level 3: inputs for the asset or liability that are not based on observable market date (unobservable inputs). This category includes all assets or liabilities for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the investment's valuation. This category includes asset or liability that are valued based on the quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the asset or liability.

The objective of valuation technique is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

(ii) Fair value hierarchy – Financial instruments measured at fair value

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. All fair value measurements below are recurring.

	Level 1	**Level 2**	**Level 3**	**Total**
	USD	**USD**	**USD**	**USD**
31 March 2019				
Financial assets at fair value through profit or loss				
Fund investments, unlisted	**-**	**1,188,675**	**-**	**1,188,675**

	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD
31 March 2018				
Financial assets at fair value through profit or loss				
Fund investments, unlisted	-	6,108,131	-	6,108,131

The Company has invested in funds which are not quoted in an active market. Investments in those funds are valued based on the Net Asset Value ("NAV") per share published by the Administrator of those funds. The price published is used for transaction in active market for such identical asset and these are classified as Level 2.

6. Fair values of financial instruments (continued)

(iii) Financial instruments not measured at fair value

The financial instruments not measured at fair value through profit or loss are short-term financial assets and financial liabilities whose carrying amounts approximate fair value and hence no fair value hierarchy disclosure has been made in the financial statements.

7. Cash and cash equivalents

Cash and cash equivalents represents the current account balances maintained with Standard Chartered (Mauritius) Limited, Standard Chartered (Singapore) Limited and State Bank of Mauritius Ltd amounting to **USD 4,715,290** (31 March 2018: USD 2,923,566). An amount of 20,000 Mauritian Rupees has been given as guarantee on the State Bank of Mauritius Ltd account.

	2019	2018
	USD	USD
Standard Chartered (Mauritius) Limited	**4,554,134**	2,890,545
Standard Chartered (Singapore) Limited	**157,921**	22,613
State Bank of Mauritius Ltd	**3,235**	10,408
	4,715,290	2,923,566

8. Trade receivables

	2019	2018
	USD	USD
Management fee receivable	**497,041**	1,190,499
Distribution fees receivable	**3,287,017**	1,168,943
Advisory fees receivable	**224,571**	5,000
Other trade receivables	**-**	1,382
	4,008,629	2,365,824

9. Prepayment and other receivables

	2019	2018
	USD	USD
Loan to employees	-	4,246
Unsettled investment proceeds	-	4,100,000
Deposit on shares	-	1,015,671
Other prepaid expenses	**46,188**	34,698
	46,188	5,154,615

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10. Taxation

Current income tax

The Company holds a Category 1 Global Business License for the purpose of the Financial Services Act 2007 of Mauritius. Pursuant to the enactment of the Finance Act 2018, with effect as from 1 January 2019, the deemed tax credit has been phased out, through the implementation of a new tax regime. Companies which had obtained their Category 1 Global Business Licence on or before 16 October 2017, including the Company, have been grandfathered and would benefit from the deemed tax credit regime up to 30 June 2021.

Accordingly, the Company is entitled to a foreign tax credit equivalent to the higher of the actual foreign tax suffered or 80% of the Mauritian tax ("Deemed tax credit") on its foreign source income resulting in an effective tax rate on net income of up to 3%, up to 30 June 2021. Further, the Company is exempted from income tax in Mauritius on profits or gains arising from sale of securities.

In addition, there is no withholding tax payable in Mauritius in respect of payments of dividends to Shareholders or in respect of redemptions or exchanges of Shares.

Post 30 June 2021 and under the new tax regime and subject to meeting the necessary substance requirements as required under the Financial Services Act 2007 (as amended by the Finance Act 2018) and such guidelines issued by the Financial Services Commission, the Company would be entitled to either (a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Company's tax liability computed at 15% on such income, or (b) a partial exemption of 80% of the income of the Company from tax in Mauritius, with the remaining 20% of the income to be subject to a 15% tax, resulting in effective tax rate on of 3%.

Under current laws and regulations, the Company is liable to pay income tax on its net income at a rate of 15%. The Company is however entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of Mauritius tax payable in respect of its foreign source income thus reducing its effective tax rate to a maximum of 3%. The Company is centrally managed and controlled from Mauritius and is hence tax resident in Mauritius. It holds a valid Tax Residence Certificate from the Mauritius Revenue Authority which is renewable on an annual basis subject to meeting certain conditions.

(a) Income tax

Reconciliation of effective taxation:	**2019 USD**	2018 USD
Profit before taxation	**5,250,771**	10,938,270
Income tax at 15%	**787,616**	1,640,741
Non allowable expenses on staff welfare and depreciation	**614**	51,732
Non-taxable income on unrealised gain and annual allowance	**(38,597)**	-
Other deductible items	-	(242)
Tax adjustment from previous year	-	(474)
Foreign tax credit	**(599,706)**	(1,353,785)
Tax charged for the year	**149,927**	337,972

10. Taxation (continued)

(a) Income tax (continued)

	2019	2018
	USD	USD
Current tax liability		
Tax due at beginning of year	**49,649**	42,328
Tax charges	**149,927**	338,446
Tax adjustment from previous year	**-**	(474)
Tax payment	**(49,649)**	(330,651)
Tax due at end of year	**149,927**	49,649

(b) Total tax charge

	2019	2018
	USD	USD
Current tax expense:		
Taxation charge	**149,927**	338,446

11. Contingent liabilities and capital commitments

There are no other contingent liabilities as at 31 March 2019 (31 March 2018: Nil). IIFL Asset Management (Mauritius) Limited has entered in a contract with Hexagon Global IT Services Private Limited amounting to USD 147,274 for installation of customized solution. At 31 March 2019, USD 110,456 of such contract commitments had not yet incurred.

12. Capital risk management

The Company's primary objective when managing capital is to safeguard the Company's ability to continue as a going concern. As the Company is part of a larger Group, the Company's sources of additional capital and policies for distribution of excess capital may also be affected by the Group's capital management objectives. Being the holder of a CIS Manager license and an Investment Advisor (Unrestricted) Licence, the Company is required under the Securities Act 2005 and Securities (Collective Investment Schemes and Closed End Funds) Regulations 2008 to maintain a minimum unimpaired capital of MUR 1,000,000 and MUR 600,000 respectively. The Company has an unimpaired stated capital of USD 9,171,050 at reporting date, which complies with the minimum required amount as at 31 March 2019.

The Company defines "Capital" as including all components of equity. Trading balances that arise as a result of trading transactions with other group companies are not regarded by the Company as Capital. The capital structure of the Company as at 31 March 2019 was made up of stated capital and retained earnings.

The Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the Group to which the Company belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company or the Group. The results of the Directors' review of the Company's capital structure are used as a basis for the determination of the level of dividends, if any, that are declared.

13. Equipment

	Computer Equipment USD	Office Equipment USD	Furniture USD	Electrical Equipment USD	Total USD
Cost					
At 1 April 2017	20,655	4,582	168	-	25,405
Additions	987	-	1,878	66	2,931
At 31 March 2018	21,642	4,582	2,046	66	28,336
At 1 April 2018	**21,642**	**4,582**	**2,046**	**66**	**28,336**
Additions	**4,812**	**-**	**-**	**-**	**4,812**
At 31 March 2019	**26,454**	**4,582**	**2,046**	**66**	**33,148**
Depreciation					
At 1 April 2017	14,672	3,842	155	-	18,669
Charge for the year	4,254	332	292	10	4,888
At 31 March 2018	18,926	4,174	447	10	23,557
At 1 April 2018	**18,926**	**4,174**	**447**	**10**	**23,557**
Charge for the period	**3,291**	**219**	**376**	**13**	**3,899**
At 31 March 2019	**22,217**	**4,393**	**823**	**23**	**27,456**
Net book values					
At 31 March 2018	2,716	408	1,599	56	4,779
At 31 March 2019	**4,237**	**189**	**1,223**	**43**	**5,692**

14. Capital work in progress

	2019 USD	2018 USD
Advance for installation of customised solution	**36,818**	-
	36,818	-

15. Financial assets at fair value through profit or loss

	2019 USD	2018 USD
Fund investments; *unquoted*	**1,188,675**	6,108,131
Balance at beginning of the year	**6,108,131**	5,371,320
Additions during the year	**1,015,671**	10,300,000
Disposals during the year	**(6,179,114)**	(9,223,770)
Balance at end of the year	**944,688**	6,447,550
Net gain/(loss) on fair value of financial assets held at fair value through profit or loss	**243,987**	(339,419)
Fair value at end of the year	**1,188,675**	6,108,131

The Company has acquired investments which have been classified as current assets as at 31 March 2019 considering its investment objective and strategy.

16. Income from operations

	2019	2018
	USD	USD
Management fees	**3,775,570**	7,971,029
Distribution fees	**4,504,433**	7,760,454
Advisory fees	**4,495,224**	2,927,250
Other fees	**88,973**	749,135
	12,864,200	19,407,868

17. Referral and marketing expenses

	2019	2018
	USD	USD
Referral fees	**1,135,588**	4,295,539
Marketing fees	**3,688,603**	2,147,822
	4,824,191	6,443,361

18. Lease agreements

On 1 August 2012, the Company entered into a lease agreement with Trident Trust Company (Mauritius) Limited ("Trident").

At 31 March, the future minimum lease payments under non-cancellable leases were as follows:

	2019	2018
Future minimum lease payments	**USD**	USD
Less than one year	**14,367**	16,446
Between one and five years	**-**	-
More than five years	**-**	-
Amounts recognised in profit or loss		
Lease expense	**14,367**	16,446

19. Classification of financial assets and financial liabilities

The following table analyses the classifications of the financial assets and liabilities under IFRS 9 for the year ended 31 March 2019:

	Mandatorily at fair value through profit or loss	**Amortised cost**	**Other financial liabilities**	**Total**
31 March 2019	**USD**	**USD**	**USD**	**USD**
Financial assets				
Cash and cash equivalent	-	4,715,290	-	4,715,290
Other receivables	-	46,188	-	46,188
Trade receivables	-	4,008,629	-	4,008,629
Financial assets at fair value through profit or loss	1,188,675	-	-	1,188,675
	1,188,675	8,770,107	-	9,958,782

19. Classification of financial assets and financial liabilities (continued)

31 March 2019	**Mandatorily at fair value through profit or loss**	**Amortised cost**	**Other financial liabilities**	**Total**
	USD	**USD**	**USD**	**USD**
Financial liabilities				
Other payables	**-**	**-**	**680,315**	**680,315**

The following table shows the classification of financial assets and financial liabilities under IAS 39 for the year ended 31 March 2018.

31 March 2018	**Designated at FVTPL**	**Loans and receivables**	**Financial liabilities at amortised cost**	**Total**
	USD	USD	USD	USD
Financial assets				
Cash and cash equivalent	-	2,923,566	-	2,923,566
Other receivables	-	5,119,917	-	5,119,917
Trade receivables	-	2,365,824	-	2,365,824
Financial assets at fair value through profit or loss	6,108,131	-	-	6,108,131
	6,108,131	10,409,307	-	16,517,438
Financial liabilities				
Other payables	-	-	681,260	681,260

The financial instruments not accounted for at fair value through profit or loss and amortised cost are short-term financial assets and liabilities whose carrying amounts approximate fair value.

20. Other payables

	2019	2018
	USD	USD
Referral fees	**553,483**	227,521
Other payables	**2,646**	85,667
Accrued expenses	**124,186**	368,072
	680,315	681,260

21. Stated capital

	2019	2018
	USD	USD
69,975 Ordinary shares of USD 1 each, fully paid	**69,975**	69,975

The stated capital of the Company comprise of ordinary shares of USD 1 each and each share shall have equal rights on distribution of income and capital.

The entire ordinary shares are held by IIFL Wealth Management Limited during the year.

22. Related party transactions and balances

The Company, in the normal course of business, enters into transactions with companies that fall within the definition of a 'related party'.

During the year ended 31 March 2019, the Company had the following related parties:

Name of related party	**Nature of relationship**
IIFL Wealth Management Limited	Parent company
Emerging India Focus Funds ("EIFF")	Investment manager
Asia Vision Fund ("AVF")	Investment manager
EM Resurgent Fund ("EMRF")	Investment manager
Abner India Diversified Growth Fund ("ABNER")	Investment manager
POLO TITANIUM (MAURITIUS) LIMITED ("POLO")	Investment manager
IIFL Capital Ganges Fund ("IIFL Ganges)	Investment manager
Lakedale Fund ("Lakedale")	Investment manager
IIFL Opportunities Fund 1 ("IOF 1")	Investment manager
IIFL Opportunities Fund 4 ("IOF 4")	Investment manager
IIFL Opportunities Fund 5 ("IOF 5")	Investment manager
IIFL Opportunities Fund 6 ("IOF 6")	Investment manager
IIFL DYNAMIC OPPORTUNITIES FUND ("IDOF")	Investment manager
Strategic India Equity Fund ("SIEF")	Investment manager
IIFL Opportunities Fund 7 ("IOF 7")	Investment manager
IIFL Opportunities Fund 8 ("IOF 8")	Investment manager
IIFL Opportunities Fund 9 ("IOF 9")	Investment manager
IIFL Opportunities Fund 10 ("IOF 10")	Investment manager

22. Related party transactions and balances (continued)

Name of related party	Nature of relationship
IIFL Opportunities Fund 11 ("IOF 11")	Investment manager
HEIF Feeder Fund ("HEIF")	Investment manager
HFIOF Feeder Fund ("HFIOF")	Investment manager
IIFL Inc	Fellow Subsidiary
IIFL Private Wealth Management (Dubai) Limited	Fellow Subsidiary
IIFL Private Wealth Hongkong Ltd	Fellow Subsidiary
IIFL Wealth (UK) Ltd	Group Company
IIFL Securities Pte Ltd	Fellow Subsidiary
Rohit Kumar	Director – Key Management Personnel ("KMP")
Maharoof Parokkot	Director – Key Management Personnel ("KMP")
Trident Trust Company (Mauritius) Limited	Administrator

Name of entity	Nature of transactions	Transactions for the year		Outstanding Balance	
		2019	2018	**2019**	2018
		USD	USD	**USD**	USD
EMERGING INDIA FOCUS FUNDS	Management fees & other fees income	**1,862,593**	1,993,568	**91,722**	424,134
Asia Vision Fund	Management & other Fees income	**7,573**	352,014	-	20,778
Abner India Diversified Growth Fund	Management fees income	**3,057**	24,489	-	1,237
HIDDEN CHAMPIONS FUND	Management fees	-	237,382	-	26,873
Tantallon India Fund	Management fees & Other fees income	-	82,894	-	5,720

22. Related party transactions and balances (continued)

Name of entity	Nature of transactions	Transactions for the year 2019 USD	Transactions for the year 2018 USD	Outstanding Balance 2019 USD	Outstanding Balance 2018 USD
POLO TITANIUM (MAURITIUS) LIMITED	Other fees income	**15**	-	**1,372**	-
LAKEDALE FUND	Management Fees	**71**	169	**(5,850)**	13
STRATEGIC INDIA EQUITY FUND ("SIEF")	Management fees & Other fees income	**43,241**	71,623	-	-
IIFL OPPORTUNITIES FUND 7 ("IOF 7")	Management Fees	**11,818**	1,323	**1,364**	-
IIFL OPPORTUNITIES FUND 8 ("IOF 8")	Management fees & Other fees income	**14,047**	13,200	**2,639**	-
IIFL OPPORTUNITIES FUND 9 ("IOF 9")	Management fees & Other fees income	**13,250**	6,093	**1,204**	-
IIFL OPPORTUNITIES FUND 10 ("IOF 10")	Management fees & Other fees income	**39,531**	5,614	**3,887**	-
IIFL OPPORTUNITIES FUND 5 ("IOF 5")	Management fees	**50,049**	3	**16,584**	-
IIFL PRIVATE WEALTH MANAGEMENT (DUBAI) LIMITED	Referral & marketing fees expense	**2,100,000**	1,200,000	**5,000**	-
IIFL PRIVATE WEALTH HONG KONG LTD	Referral fees expense	**76,469**	307,231	-	-

22. Related party transactions and balances (continued)

Name of entity	Nature of transactions	Transactions for the year		Outstanding Balance	
		2019	2018	**2019**	2018
IIFL WEALTH (UK) LTD.	Marketing fees & Incentive fees expense	**1,303,073**	825,470	**-**	-
IIFL SECURITIES PTE LTD	Referral fees expense	**395,538**	853,434	**103,960**	95,074
IIFL CAPITAL INC.	Referral fees expense	**485,000**	425,000	**210,000**	-
IIFL INC.	Reimbursement of expense	**1,525,000**	17,500	**-**	-
IIFL PRIVATE WEALTH (SUISSE) SA	Referral and marketing fee expenses	**3,029**	31,031	**-**	-
IIFL Capital (Canada) Ltd	Referral and marketing fee expenses	**282,500**	50,000	**55,000**	-
HEIF Feeder Fund	Management fees	**4,436**	-	**1,456**	-
HFIOF Feeder Fund	Management fees	**597**	-	**204**	-
IDOF Class 1 Series A1	Management fees	**407**	-	**90**	-
IIFL Wealth Management Limited	Ordinary shares	**-**	-	**69,975**	69,975
Trident Trust Company (Mauritius) Limited	Rent / Administration fees	**-**	336,312	**-**	(66,333)
IIFL OPPORTUNITIES FUND 6 ("IOF 6")	Management fees	**(755)**	-	**594**	-
IIFL OPPORTUNITIES FUND 11 ("IOF 11")	Management fees	**564**	-	**564**	-

23. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company.

(a) *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Revenue is recognised in the statement of profit or loss and other comprehensive income as follows:

Management fees are recognised on an accrual basis in accordance with the respective agreements between the Company and the funds.

As an investment manager, the Company is responsible for managing the assets of the Fund or Funds. It is responsible for the overall administration and supervision of business and affairs of the Fund or Funds. In turn, the Company receives management fees as per the Investment Management Agreement, read with the addendums made on a time to time basis.

The advisory fee income and distribution fee income are recognised on an accrual basis on completion of the services rendered in accordance with the respective agreements between the Company and the parties.

The Company has adopted IFRS 15 *Revenue from Contract with Customers* as from 1 January 2018. The impact of the adoption has been disclosed in Note 23(h).

Net movement from financial instruments at fair value through profit or loss

Net movement from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes and foreign exchange differences.

Net realised movement from financial instruments at fair value through profit or loss is calculated using the First-In First Out method.

(b) *Taxation*

Taxation comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of prior years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

23. Significant accounting policies (continued)

(b) Taxation (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(c) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency (USD) at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to USD at the closing exchange rate ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to USD at the foreign currency exchange rates ruling at the dates that the values were determined. Foreign currency exchange differences arising on translation are recognised in statement of profit or loss and other comprehensive income.

(d) Financial assets and financial liabilities

(i) Recognition and initial measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in profit or loss. Financial assets or financial liabilities not at fair value through profit or loss are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue.

(ii) Classification and subsequent measurement

Classification of financial assets - Policy applicable from 1 January 2018

On initial recognition, the Company classifies financial assets as measured at amortised cost or at fair value through profit or loss ("FVTPL").

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI").

All other financial assets of the Company are measured at FVTPL.

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23. Significant accounting policies (continued)

(d) Financial assets and financial liabilities (continued)

(ii) Classification and subsequent measurement (continued)

Business model assessment

In making an assessment of the objective of the business model in which a financial asset is held, the Company considers all of the relevant information about how the business is managed, including:

- the Company investment strategy which is fund investments in which it trades and realises cashflows through sale of the assets.
- the financial assets performance is evaluated on a fair value basis and measured at FVTPL.
- the financial asset is subject to market risk that can be caused by a change in the market value of the investment. The Company market risk and position is being managed on a daily basis by the Investment Manager.
- the compensation is based on the fair value of the investments.
- the Company has disposed all its prior investments and acquired new ones considering its investment objectives and strategy.

The Company has determined that it has two business models:

- Held-to-collect business model: this includes cash and cash equivalents, other receivables and trade receivables. These financial assets are held to collect contractual cash flow.
- Other business model: this includes fund investments. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

Assessment whether contractual cash flows are SPPI

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features); and

features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

A reconciliation of line items in the statements of financial position to the categories of financial instruments, as defined by IFRS 9, see Note 19.

23. Significant accounting policies (continued)

(d) Financial assets and financial liabilities (continued)

(ii) Classification and subsequent measurement (continued)

Classification of financial assets - Policy applicable before 1 January 2018

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition unless the Company were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

The Company classify its payables as a financial liability at amortised cost and are subsequently measured at effective cost using the effective interest rate.

The Company classifies its financial assets and financial liabilities into the categories below.

Non – derivative financial assets – measurements

The Company classifies financial assets and financial liabilities into the following categories.

Financial assets at fair value through profit or loss:

Designated as at fair value through profit or loss: Fund investments

The Company has designated all fund investments at fair value through profit or loss (FVTPL) on initial recognition because it manages these securities on a fair value basis in accordance with its documented investment strategy. Internal reporting and performance measurement of these securities are on a fair value basis. Financial assets at FVTPL are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

Loans and receivables

These assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise of cash and cash equivalents, other receivables and trade receivables.

Cash and cash equivalents

Cash and cash equivalents comprise of deposits with banks and highly liquid financial assets with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Company in the management of short-term commitments, other than cash collateral provided in respect of derivatives and securities borrowing transactions.

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23. Significant accounting policies (continued)

(d) Financial assets and financial liabilities (continued)

Financial liabilities – classification and subsequent measurement

Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Non-derivative financial liabilities comprise other payables.

(iii) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company measures the instruments based on the closing NAV of the Funds.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Company recognises transfers between levels of the fair value hierarchy as at the end of the reporting year during which the change has occurred.

(iv) Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(v) Impairment

Policy applicable from 1 January 2018

The Company recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Other financial assets and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

23. Significant accounting policies (continued)

(d) Financial assets and financial liabilities (continued)

(v) Impairment (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Company considers a financial asset to be in default when:

- The borrower is unlikely to its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any held); or
- The financial asset is more than 180 days due.

The Company considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of 'investment grade'.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Policy applicable before 1 January 2018

Financial assets not classified at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment. A financial asset or a group of financial assets was 'impaired' if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset(s) and that loss event(s) had an impact on the estimated future cash flows of that asset(s) that could be estimated reliably.

23. Significant accounting policies (continued)

(d) Financial assets and financial liabilities (continued)

(v) Impairment (continued)

Objective evidence that financial assets were impaired included significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of the amount due on terms that the Company would not otherwise consider, indications that a borrower or issuer would enter bankruptcy, disappearance of an active market for a security or adverse changes in the payment status of the borrower.

An impairment loss in respect of a financial asset measured at amortised cost was calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continued to be recognised. If an event occurring after the impairment was recognised caused the amount of impairment loss to decrease, then the decrease in impairment loss was reversed through profit or loss.

(vi) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- Either (a) the Company has transferred substantially all the risks and rewards of the asset, or
- (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or has expired.

(vii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at fair value through profit or loss and foreign exchange gains and losses.

(e) Stated capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

23. Significant accounting policies (continued)

(f) Expenses

Expenses are accounted for in statement of profit or loss on the accruals basis.

Lease payments

Payments made under operating leases are recognised in profit or loss over the term of the lease and payment are made in advance. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(g) Equipment

Recognition and measurement

Items of equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an equipment has different useful lives, they are accounted for as separate items (major components) of equipment.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of equipment and are recognised net within "other income" in statement of profit or loss and other comprehensive income. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

Subsequent costs

The costs of replacing part of an item of equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and the cost can be measured reliably. The costs of the day-to-day servicing of the equipment are recognised in statement of profit or loss or other comprehensive income.

Depreciation

Depreciation is recognised in statement of profit or loss and other comprehensive income on a straight line method basis over the estimated useful lives of each part of an item of equipment.

The useful lives for the purpose of calculating depreciation charge are as follows:

Computer equipment	3 years
Office equipment	5 years
Furniture	5 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted if appropriate.

23. Significant accounting policies (continued)

(h) Standards and interpretations adopted in current year

The Company has applied IFRS 9 and IFRS 15 from 1 April 2018. A number of other new standards are also effective from 1 January 2018, but they do not have a material effect on the Company's financial statements.

As permitted by the transition provisions, comparative information throughout these financial statements has not been restated to reflect the requirements of the Standards.

Except for the changes below, the Company has consistently applied the accounting policies as set out in these financial statements.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. Under IAS 39, impairment was recognised when losses were incurred. The Company did not previously report any incurred losses.

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures, which are applied to disclosures about 2018 but have not generally been applied to comparative information.

The adoption of IFRS 9 had no material impact on the equity shares of the Company.

Classification and measurement

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 April 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 April 2018 relates solely to the new impairment requirements.

23. Significant accounting policies (continued)

(h) Standards and interpretations adopted in current year (continued)

IFRS 9 Financial Instruments (continued)

Classification and measurement (continued)

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets			**USD**	**USD**
Fund Investments	Designated as at FVTPL	Mandatorily at FVTPL	**6,108,131**	**6,108,131**
Cash and cash equivalents	Loans and receivables	Amortised cost	**2,923,566**	**2,923,566**
Other receivables	Loans and receivables	Amortised cost	**2,365,824**	**2,365,824**
Total Financial assets			11,397,521	11,397,521
Financial				
Other payables	Amortised cost	Amortised cost	**681,260**	**681,260**
Total Financial liabilities			681,260	681,260

The carrying amounts of financial assets under IAS 39 was similar to the carrying amounts under IFRS 9 on 1 April 2018.

Impairment

The impairment requirements are based on an expected credit loss ("ECL") model that replaces the IAS 39 incurred loss model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt instruments at FVOCI, but not to investments in equity instruments. The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of the business model within which a financial asset is held.
- The revocation of previous designations of certain financial assets as measured at FVTPL.

Entities are generally required to recognise either 12-months' or lifetime ECL. Depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into).

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23. Significant accounting policies (continued)

(h) Standards and interpretations adopted in current year (continued)

IFRS 9 Financial Instruments (continued)

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied using a cumulative approach and there were no significant changes in the Company's classification and measurement of financial assets and liabilities as at 1 January 2018. No adjustment to retained earnings is required.

As at 31 December 2018, the Company had investments classified as financial assets at fair value through profit or loss and all other financial assets continue to be measured on the same basis as is previously adopted under IAS 39. This is because investments which constitutes the majority of the Company's asset were previously designated at fair value through profit and loss under IAS 39 continue to be designated at fair value through profit or loss under the provisions and guidance of IFRS 9.

There will be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities.

IFRS 15 Revenue from contracts with customers

The Company has adopted IFRS 15 *Revenue from contracts with customers* for the year ended 31 March 2019 which has now replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

IFRS 15 provides a single, principles-based five-step model to be applied to all contracts with customers before can be recognised:

The five steps in the model are as follows:

- Identify the contract with customers;
- Identify the performance obligations in the contract;
- Determine the transaction price of the contract;
- Allocate the transaction price to each performance obligations in the contracts; and
- Recognise revenue as each performance obligation is satisfied.

Under IFRS 15, revenue is recognised when a customer obtain control of the services. Determining the timing of the transfer of control – at a point of time or over time – requires judgement.

The details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Company's different sources of revenues are set out below.

23. Significant accounting policies (continued)

(h) Standards and interpretations adopted in current year (continued)

IFRS 15 Revenue from contracts with customers (continued)

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including payment terms, and the related revenue recognition policies.

Type of Service	**Source of revenue**	**Nature, timing of satisfaction of performance obligations, significant payment terms**	**Nature of change in accounting policy**
Investment Manageme nt services	Management fees, Upfront fees and Performance fees	IIFL Asset Management (Mauritius) Limited entered into an investment management agreement with several Funds. The Company is entitled to receive the management fees and any other fees such as performance fees as mentioned in the PPM, supplement or in the subscription agreement of the fund. Pursuant to the agreement, the Investment Manager receives a management fee in relation to each Fund that is equal to a percentage of their Net Asset Value. The Investment Manager also receive an upfront fees which is an advance fees paid to the Manager by the Fund to manage their investment. The performance obligation of the Manager is to manage and administer the investment activities of the Funds that it manages. Therefore the contract has only one performance obligation that is satisfied over time. Since these services are provided over time and that the fees are determined and paid on a monthly basis, revenue recognition on a monthly basis seems to be appropriate.	Management fees were recognised in the same manner as descried under IAS 18. Therefore, the adoption of IFRS 15 did not have a significant impact on the Company's accounting policies.

23. Significant accounting policies (continued)

(h) Standards and interpretations adopted in current year (continued)

IFRS 15 Revenue from contracts with customers (continued)

Type of Service	**Source of revenue**	**Nature, timing of satisfaction of performance obligations, significant payment terms**	**Nature of change in accounting policy**
Distribution Services	Distribution fees	The Company has entered into Distribution / Placement and Referral agreements with several entities to act as distributors or to act as a referral agent for the funds where the Company is acting as its Investment Manager. The Company shall use its reasonable best efforts to distribute the Offering and procure subscriptions to the units from prospective Investors in the concerned jurisdictions. Also, till the redemption of the units and during the life of the Fund, the Company will assist the Fund in distribution of periodical statements, distributions undertaken by the Fund. IIFL Asset Management (Mauritius) Limited is entitled to receive distribution income or referral fees as per the terms mentioned in the agreements. The performance obligation of the Manager is to distribute the offering and procure subscriptions to the securities from prospective investors in the concerned jurisdictions. The contract has only one performance obligation that is satisfied over time. Since these services are provided over time and that the fees are determined and paid on a monthly basis, revenue recognition on a monthly basis seems to be appropriate.	Distribution fees were recognised in the same manner as descried under IAS 18. Therefore, the adoption of IFRS 15 did not have a significant impact on the Company's accounting policies.
Advisory Services	Advisory fees	The Company has entered into advisory agreement with the many parties for providing advisory services for the funds for which the Company is acting as an investment manager. IIFL Asset Management (Mauritius) Limited is entitled to receive advisory fees as per the terms mentioned in the agreements. The performance obligation of the Manager is to assist the Company in identification of the potential investor and also in analysing, structuring, negotiating, and effecting all the transactions in relation to the Debt/Equity Instruments. The contract has only one performance obligation that is satisfied over time. Since these services are provided over time and that the fees are determined and paid as per the terms mentioned in the agreement, revenue recognition on a monthly basis seems to be appropriate.	Advisory Fees were recognised in the same manner as descried under IAS 18. Therefore, the adoption of IFRS 15 did not have a significant impact on the Company's accounting policies.

23. Significant accounting policies (continued)

(h) Standards and interpretations adopted in current year (continued)

IFRIC 22 Foreign Currency Transactions and Advance Considerations

When foreign currency consideration is paid or received in advance of the item it relates to – which may be an asset, an expense or income – IAS 21 The Effects of Changes in Foreign Exchange Rates is not clear on how to determine the transaction date for translating the related item.

This has resulted in diversity in practice regarding the exchange rate used to translate the related item. IFRIC 22 clarifies that the transaction date is the date on which the entity initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

The directors have assessed that no material impact of the adoption of the standard on the financial statements is expected since all the contracts are denominated in USD which is the functional currency of the Company. The Company usually do not receive advance considerations in foreign currency.

(i) Standards and Interpretations issued and not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 April 2018, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company do not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- judgments made;
- assumptions and other estimates used; and
- the potential impact of uncertainties that are not reflected.

The directors of the Company do not envisage any material impact of the adoption of the standard on the financial statements. IFRIC 23 applies for annual period beginning on or after 1 January 2019 with early adoption permitted.

23. Significant accounting policies (continued)

(j) Liabilities and provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation where the Company expects some of all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

All known liabilities have been accounted for in the preparation of the financial statements.

24. Holding company

IIFL Wealth Management Limited, a company incorporated in India, is the holding company of IIFL Asset Management (Mauritius) Limited.

25. Events after reporting date

There were no material post balance sheet date events after reporting date that could affect the financial statements as at 31 March 2019.